

## Battling Fraud and Compliance Issues in the Public Sector

How the right technology solution can increase accountability, boost compliance, and reduce human errors and fraud to help ensure your organization meets the highest levels of fiscal responsibility with travel, expense, and invoice management.



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If you are in a public institution, you bear a unique responsibility when it comes to employee travel, expense, and invoicing. We know that in state and local government, as well as in higher education, transparency and accountability are paramount. With access to public funds comes a greater sense of obligation and a higher level of fiscal responsibility.

**Officials in the public sector and in higher education are challenged to fulfill that critical responsibility since they are often saddled with manual processes and siloed data. These outdated methods get in the way of travel, expense, and invoice risk and compliance management.**

Innovative technology solutions, like those offered by SAP® Concur®, give public sector and education leaders a way to tame this potentially hazardous situation. A modern travel, expense, and invoice platform should provide simplified tools and automation workflows so employees can accurately and efficiently keep track of their expenses. It helps them stay in compliance with relevant rules and regulations. At the same time, these systems offer administrators breathing room, giving granular insight into all spending activities, along with the means to assert an appropriate level of control.

**Let's look at the challenges surrounding travel, expense, and invoicing in state and local government, as well as in higher education.** We'll also take a look at how cutting-edge tools from SAP Concur help address these complexities and consider the next steps available to public sector leaders and others looking to mitigate fraud and promote policy compliance.

# Fragmented Landscape

Take a look around at your travel, expense, and invoice management situation. In many institutions and agencies, you'll see a fragmented landscape.

Is there siloed data? Even within a single organization, spend information may flow to a variety of repositories and may be stored in any number of systems. This makes it hard for finance leaders to get a single, cohesive view of information – and this lack of transparency in turn invites error and impedes responsible oversight.

At the same time, spending itself is becoming increasingly decentralized. Are your employees empowered to make more and more spending decisions on their own? This kind of spending may take place outside of approved systems, leading to potentially problematic inconsistencies. “Unless your teams across the finance organization are totally in sync, there is a strong likelihood mistakes will be made and costs will increase, with the potential for negative consequences,” explains Ralph Colunga, SAP Concur Thought Leadership, Travel and Expense Technology Solutions.

Other factors may also undermine effective travel, expense, and invoice management.

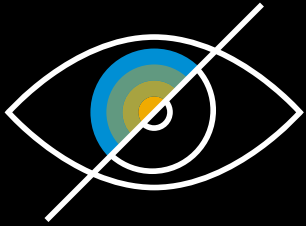
Public organizations may be saddled with manually-intensive reporting processes. These are inherently opaque and, with a lack of integration between systems, it can be almost impossible to track spending effectively, to manage regulatory compliance, or to enforce basic policies.

Cumbersome legacy systems compound the problem. They're costly to maintain, update, and may not be robust enough to meet the complex reporting requirements necessary to ensure integrity within a government agency or academic institution. As a result, these systems may introduce opportunities for honest mistakes or fraud.



The ever-changing nature of regulatory and data security requirements necessitates complex policies with regular updates. Siloed data, legacy systems, and a lack of automation make it hard to implement these required adjustments, thus introducing additional risk of regulatory noncompliance.

All these factors pile up: 31 percent of managers say they lack adequate visibility into expenses and expense projections, while 30 percent of employees say entering expenses is time-consuming, error-prone, and reimbursement takes too long.<sup>1</sup>



**31%** of managers say they lack adequate visibility into expenses.

Even as public sector entities and higher education institutions contend with these challenges, they simultaneously must manage travel, expense, and invoice processing with an exceptionally high level of diligence. We all understand that errors and misuse around taxpayer money are unacceptable, and a lack of compliance with regulatory and data security requirements can have profound negative consequences.



**A 2018 report on occupational fraud concluded that “internal control weaknesses were responsible for nearly half of frauds.” For the education sector, the median loss in cases of fraud was \$68,000. For government and public administration, the median was \$125,000.<sup>2</sup>**

“When agencies are publicly funded, their audits are made public too. When there are issues of noncompliance, you are going to see those in the headlines. You’ll see it in the news,” says Sam Van De Laarschot, Senior Product Marketing Manager at SAP Concur. No one in the public trust wants to draw negative media attention or risk tarnishing their reputation because of perceived fiscal laxity. In short: The stakes are too high to get this wrong.

How to get it right? Technology provides a ready remedy. Here we’ll take a deep dive into the SAP Concur solution and look at how an integrated modern platform can help.

## A New Vision

In the era of employee-initiated spend, managers must still capture spending across all channels. You need a platform that will centralize all types of spending happening across categories; consistently apply sourcing best practices; apply policies to “invisible” or “maverick” spending; and catch noncompliant spend through intelligent machine-learning features.

Struggling with compliant and accurate travel and expense management isn't a challenge just for the public sector and higher education.

“Employees for the most part try to do the right thing. They are respectful and compliant, but occasionally you have something that goes wrong,” says Greg Tennyson, Head of Global Corporate Services at VSP Global, a vision care health insurance company.

Manual systems lead to mistakes and the opportunity for fraud, while automation and innovation can help set things right. “For example, at one of my previous companies, we had a situation where in a month's time, an employee's mileage expense entry equated to circumnavigating the globe 10 times. The expense entry wouldn't have been detected without sufficient technology and audit oversight to allow us to piece it all together,” Tennyson continues.



“It's about transparency and it's about automating discovery. With SAP Concur we can see exactly: You get descriptive words and exception reports for review, rather than having to look for a needle in a haystack.”

# An Intelligent Spend Management Solution

“Having an end-to-end solution for intelligent spend management is the answer – workflow technologies that provide a 360-degree view into business processes in real time and end-to-end automation,” says Colunga. “This then allows for performance budgeting.”

The right technology solution should empower employees to book their travel based on preset criteria, as well as automatically gather itinerary data, receipts, and other key information to streamline the expense reporting process. Employees should be able to quickly snap photos of receipts from their mobile devices to automate expense reports, so that receipts aren’t turned in months later – long after mistaken or fraudulent claims have occurred.

This visibility into expenses then gives AP and Finance the complete information they need to enforce compliance and keep track of budgets. But beyond merely tracking expenses, you need a full travel, expense, and invoice management platform that can help you meet the stringent compliance requirements for public sector and higher education, while using automation to reduce workloads. These tools deliver insight and oversight to your travel, expense, and invoice management.



An auditing tool that automates the auditing of expense reports, harnessing intelligent technology to check receipts, credit card transactions, and bookings in near real time to spot potential policy compliance issues.



An invoice processing tool eliminates the manual invoice routing and approval processes, so you can catch duplicate invoices before you overpay, speed up vendor payments, and easily manage exceptions.



A booking management tool connects trips, travelers, and itineraries across multiple channels, consolidating travel and expense, regardless of vendor, effectively bringing outside bookings back into the managed travel program. This information also provides the basis for Duty of Care.



An active monitoring tool helps institutions and agencies provide Duty of Care for traveling employees or students studying abroad. A robust solution should help organizations identify risks worldwide, while allowing you to find, communicate with, and provide ground assistance to your team in an emergency situation if necessary.



A business management tool captures and consolidates spend for a holistic view across the organization to help managers actively control and adjust their budgets for changing needs.



An online travel request system gives you control of spending before it happens by automatically importing trip details and costs – while quickly adding receipts and other relevant documents – giving administrators the ability to authorize, reject, or request modifications even from a mobile device.



A vehicle tracking tool delivers automated mileage tracking, thus eliminating a common source of fraud and accidental overestimation.

What these tools have in common is the ability to share information quickly, easily, and transparently. SAP Concur connects to all spending data directly from suppliers, credit providers, and virtually any other source. So no matter where or when employees spend, you can capture it all. “We allow everything to talk to one another: The expense, travel, and the invoice data,” says Van De Laarschot. “We provide the administrator with all that data in a very consumable view, so they’re making informed and educated decisions.”



# Seamless ... and Smarter

Effective travel, expense, and invoice management starts with streamlined connections between the accounting system and your vendor network. By facilitating smooth data sharing, SAP Concur makes it easier for employees to align with reporting rules, bolstering compliance, while simultaneously reducing the likelihood of error.

“When the process is cumbersome for the employee, they either give up or they make a misstep. Fundamentally, technology has to make it easy for the individual to do their job,” says Tennyson. In this sense, SAP Concur fulfills a key front-end requirement for travel and expense reporting: It makes things simple for the employee.

On the back end, meanwhile, machine learning and artificial intelligence (AI) combine to support detection and auditing. Where a human auditor can only see so much, AI can dig deeper, faster. With the knowledge of millions of anonymized expense reports, as well as public web-based information, SAP Concur can rapidly and accurately assess factors too numerous and subtle to be spotted using manual means. In this way, SAP Concur can find and flag potential anomalies to help you generate higher compliance rates and free staff for more high-value activities.

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## Support for Your Needs

**SAP Concur offers solutions that are specific to public sector needs, including:**

- **Foreign Corrupt Practices Act (FCPA) support**
  - **Foreign language capabilities**
  - **Auditing services**
  - **Machine learning that augments OCR to read boarding passes, cellphone bills, and other key documents beyond receipts**
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# The Road Forward

Public sector organizations and academic institutions looking to leverage a higher degree of automation and implement a more transparent reporting system will want to take certain steps to prepare for the transition. Employees hold travel and expense as deeply personal experiences, and so modernization in this area will require not just a technological shift, but also a cultural one.

Transforming how your institution addresses fraud and compliance requires a nuanced approach to organization culture and change management, especially given the sensitive nature of expense reporting. Before making any change, it's important to engage stakeholders: Learn where their frustration lies and show them how the new system is uniquely situated to address their specific pain points.

It's also helpful to review policy in tandem with upgrading your technological infrastructure. Rather than force-fit technology to support outdated policies, it makes more sense to write policies that readily align with the capabilities of the reporting system. Aligning policy and technology helps ensure an organization or institution gets the maximum benefit as it phases out legacy approaches and manual processes.

Public institutions face a triple threat. Decentralized spending, manual processes, and a lack of data integration all add layers of complexity and dysfunction to the system, escalating the risk of fraud or error while undermining compliance integrity. Technology offers a way to bring these risks under control.



You need a scalable solution that can grow with your institution or organization, simplify back-office processes, eliminate waste, and adapt to the ever-changing regulatory environment. By automating and integrating travel, expense, and invoice processing, you gain a single source of centralized data and the tools to eliminate costly mistakes, audit expenses efficiently, and put payment controls in place to improve tax and regulatory compliance.

**Contact [SAP Concur today](#)** to find out how we can help your institution or organization reduce fraud, waste, and abuse.

## About SAP Concur

Concur, an SAP company, imagines the way the world should work, offering cloud-based services that make it simple to manage travel and expenses. By connecting data, applications and people, Concur delivers an effortless experience and total transparency into spending wherever and whenever it happens. Concur services adapt to individual employee preferences and scale to meet the needs of companies from small to large, so they can focus on what matters most for their businesses.

Find out more at [www.concur.com](http://www.concur.com).

<sup>1</sup> Forrester Consulting, *The Journey to Better Travel, Expense, and Invoice Management: A Spotlight on IT*, May 2018

<sup>2</sup> Report to the Nations, *2018 Global Study on Occupational Fraud and Abuse*

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